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66-5408

DD/S 66-6748

27 DEC 1966

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : Report on Operation of Dining Room

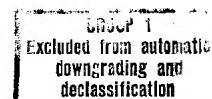
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REFERENCE : Memo dtd 6 Dec 66 for DD/S fr D/L, subj:  
Comparison of Dining Room Cost for FY 1966  
and FY 1967

1. This memorandum with attachments is for your information only.
2. I am attaching a copy of a detailed review of the operation of the Executive Dining Room. From this review it is obvious that the facility will not be able to operate on a self-sustaining basis and therefore it must continue to be subsidized principally in the form of salary payments to dining room employees. The usefulness of the dining room is well established and the General Counsel has periodically reviewed the operation of it and upholds the legal basis for the use of Agency funds in support of the continued operation of this activity.
3. On 1 June 1966 the Office of Logistics took over the management of the Executive Dining Room. The records of the Dining Room fund indicate that from that date to the present it has operated at a net profit which would approximate \$2,500 per annum. This net profit is arrived at by a comparison of total income less only the cost of food and a few miscellaneous operating expenses paid from the Fund. There are, however, approximately \$70,000 per annum in other costs which are not directly charged against the Dining Room operation. These consist of Dining Room employees' salaries, supervision and miscellaneous expenses pertinent to the operation of the Dining Room. Considering these costs (\$70,000) and the anticipated net profit of about \$2,500, the overall annual net cost of the operation of the Dining Room is approximately \$67,500.
4. The Office of Logistics has separated out of the total \$67,500 cost those items which pertain to the maintenance of the Director's Dining Room. These are estimated at \$28,500 and if we wished to make this

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theoretical division this would leave a balance of approximately \$39,000 as the subsidy necessary for maintaining the balance of the Executive Dining Room. It should be noted, however, that this is a theoretical division of costs since we are referring to the same employees utilizing the same facilities along with incurred miscellaneous expenses for the Dining Room operation. I do not see that this division is necessary or proper but it is reported here for information purposes.

5. In the attached study prepared by the Office of Logistics it is suggested that certain price changes may bring additional revenue of approximately \$9,000.

6. From the above it is apparent that we will never have sufficient revenue to permit the Dining Room operation to be self-sustaining; however, I feel that the attached memoranda citing the approvals for the operation of the Dining Room together with a policy of charging a reasonable amount for meals served justifies the continued operation of the Executive Dining Room without any appreciable change in policy.

7. We shall continue to operate the Dining Room as economically as possible and will be looking for any innovations which will tend to make it more self-supporting.



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R. L. Bannerman  
Deputy Director  
for Support

Att: Ref Memo w/atts

*DCI briefed on 10 Jan 67*

*Noted*

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